

BUSINESS DEVELOPMENT INCENTIVE POLICY

ADOPTED May 3, 2004

REVISED October 21, 2013

The Town of Rocky Hill, Connecticut recognizes the need for encouraging appropriate commercial growth in our community. Through the use of tax abatements, the Town may provide incentives to individual projects which demonstrate long term commitment to the town through the provision of jobs, extraordinary site development costs to protect the environment, revitalization of underutilized properties and expansion of existing business. All abatements will be consistent with State Statutes and projects must demonstrate a special benefit to the community for consideration. All abatements must be approved by the Town Council.

Tax Incentives

Uses

Projects creating significant real property improvements for the following uses will be considered under Connecticut General Statutes, Sec. 12-65b:

- Office
- Manufacturing
- Warehouse, Storage or Distribution
- Information Technology
- Retail
- Mixed-use developments
- Recreation Facilities

Terms

Up to 100% of the increased assessed value of real property as a result of all improvements thereon or therein may be abated for a period of up to seven years provided the cost of such improvements to be constructed is not less than \$3,000,000;

Up to 50% of the increased assessed value of real property as a result of all improvements thereon or therein may be abated for a period of up to five years provided the cost of such improvements to be constructed is not less than \$500,000;

Up to 50% of the increased assessed value of real property as a result of all improvements thereon or therein may be abated for a period of up to three years provided the cost of such improvements to be constructed is not less than \$100,000.

Pursuant to the Manufacturers Assistance Act, the City will assist all qualified businesses to obtain tax relief from the State on equipment used in manufacturing as defined in Section 12-65(h) of the Connecticut General Statutes, as amended. Machinery and equipment must qualify for five or seven year depreciation for federal tax purposes. New tangible personal property acquired by lease or purchase must be used predominately in the manufacture or production of goods, research or development design and engineering of manufactured products.

Evaluation of the Project

To be eligible for these incentives, a project must meet certain criteria established by the Town of Rocky Hill.

1. Conformance to the Rocky Hill Plan of Conservation and Development.
2. The project must increase the local tax base.
3. The project must create and/or retain jobs within the town.
4. The project may utilize extraordinary investments in the infrastructure to protect the environment and reduce sprawl in the town.
5. The project must represent a long term partnership with the Town of Rocky Hill.

Additional Criteria for Consideration

1. Strategic value to the community.
2. Demonstrated need for assistance.
3. Is there any other investment that is required by the town to accommodate this development?
4. Conformance to Zoning Regulations
5. Conceptual site/master development plan.
6. Amount of assistance required – return on the town's investment.
7. Duration of project construction phase.
8. Experience and resources of the applicant.
9. Ability to commit to the site for the long term.
10. Long Range Impacts on Town Infrastructure. The Town may request an impact analysis to be conducted at the developer's expense.

Process for Approval

- 1) Applicants must complete an Application for Business Development Incentives, which are available on the Town Website and from the Economic Development Office. Applications shall be submitted to the Economic Development Office with all required attachments. Attachments may include: Site plans, architectural drawings with detailed cost estimate; an itemized personal property schedule and a narrative describing the business in detail, the proposed improvements with costs and an explanation detailing the need for assistance with supporting documentation.
- 2) The Economic Development Director, in consultation with the Town Manager and Town Assessor will evaluate the application and forward recommendations to the Economic Development Subcommittee of the Town Council.

- 3) The Economic Development Subcommittee of the Town Council will in turn evaluate the application and forward their recommendation to the Town Council to approve, approve with modifications or deny the application.
- 4) Upon receipt of the Economic Development Subcommittee's recommendation, the Town Council *may* vote on the application and such vote shall take place at a public meeting of the Town Council. If approved or approved with modifications, the Town Manager will enter into a contract with the applicant. Approval of any application is at the sole discretion of the Town Council. Nothing contained in this policy or application process shall obligate the Town Council to enter into a Tax Agreement.

Conditions of Approval

1. **Commencement of Construction:** Once a Tax Agreement is executed, construction shall begin within 12 months. Failure to commence construction within this timeframe shall result in immediate termination of the Tax Agreement Contract entered into pursuant to this Policy and the full amount of the tax, including accrued interest that would otherwise be due, shall immediately become due and payable. The Town Council may authorize an extension of no more than 12 months in addition to the original 12-month period. The Town Council is under no obligation to authorize such an extension but may do so if warranted.
2. **Completion of Construction:** Project completion shall occur within 24 months of the execution of a Tax Agreement. Failure to commence construction within this timeframe shall result in immediate termination of the Tax Agreement Contract entered into pursuant to this Policy and the full amount of the tax, including accrued interest that would otherwise be due, shall immediately become due and payable. The Town Council may authorize an extension of no more than 12 months in addition to the original 24-month period. The Town Council is under no obligation to authorize such an extension but may do so if warranted.
3. If the applicant is a tenant, the tax benefit must be reflected in the lease and the lease must be for, at a minimum, the term of the tax abatement period.
4. **Tax Payments:** If the applicant fails to comply with the payment of taxes upon the due date, the Tax Agreement shall immediately terminate and the full amount of the tax, including accrued interest shall become due and payable.
5. **Delinquent Payment:** Any person, firm, or entity that is delinquent in payment on any taxes, interest on taxes, has any liens including water and sewer user fees that are due to the Town or local utility provider shall be ineligible to enter into any such agreement pursuant to this Policy.
6. **Assignment:** Any Tax Agreement entered into pursuant to this policy shall not be subject to assignment, transfer or sale without the consent of the Town Council. In the event that any such agreement is assigned, transferred or sold without the Town's Council's consent, then the Agreement shall terminate as of the effective date of any such assignment, transfer or sale, and the full amount of the tax, including any accrued interest, that would otherwise be due to the Town shall immediately become due and payable.
7. **Provisions for Assignment of Tax Agreements:** Any request for the assignment of a Tax Agreement to a new owner or lessee of the same facility for which the original Tax Agreement was executed shall at be the sole discretion of the Town Council. The Town Council shall consider the

financial capacity of the proposed owner or lessee and require that all conditions of the original Tax Agreement remain in effect. Failure or inability of a new owner or lessee to comply with the conditions of the Tax Agreement and this Policy in general shall result in immediate termination of the Agreement and all taxes, including accrued interest, otherwise due to the Town shall immediately become due and payable.

8. Provision for Recovery of Losses by the Town: In the event that the conditions of the Tax Agreement are not fulfilled the business or individual granted a tax incentive abatement shall repay the Town the dollar amount of the rebated tax payments, interest on rebated tax payments, legal expenses and any other associated costs.

Town of Rocky Hill

Application for Business Development Incentives

Adopted May 3, 2004

Revised June 19, 2013

Applicant Name:	Tel:
Street Address:	Email:
City:	Fax:
	State:
	Zip:

Applicant's Relationship to Company/Title:			
Company Name:			
HQ Address:	City:	State:	Zip:
Type of Company (Business Sector):			

Project Address:

Property Description (vacant, buildings, etc):

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Property Owner:	Tel:
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Street Address:	Email:	Fax:
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According to the Business Development Incentive Policy, applications are considered, in part, on the estimated return on the Town's investment of public funds. Public funds are defined as the revenue rebated to the applicant by the Town upon successful completion of the Applicants obligations under an approved Tax Agreement. In order to determine the future return on this investment the Town of Rocky Hill requires specific information regarding pre and post development revenue sources. The information reported here will be used to measure the economic impact of the project and to develop terms of performance that the applicant must meet in order to qualify for assistance.

As a condition of any Tax Agreement, the applicant will be responsible to meet certain performance goals in personal and real property values as well as performance criteria such as jobs created or retained. The estimates below will be used to justify the public investment of funds.

I On separate paper, please describe/provide:

- a. All proposed real estate improvements including new construction, additions or renovations, parking structures, drainage improvements, landscaping, signs and all associated site improvement costs ***with estimated start and completion dates.***
- b. Site plan and architectural drawing with a detailed cost estimate on a separate spreadsheet. *The estimated costs may be used to determine the percentage of tax rebate and the length of term you may be eligible for.*
- c. Proposed personal property/equipment on a detailed itemization on a separate spreadsheet that will reside at the project address upon completion.
- d. A narrative explaining why the requested financial assistance is needed.

II. Answer the following:

- a. What is the number of new jobs created because of the project?
- b. How many existing local jobs will be retained because of the project?
- c. What is the assessed value of the property prior to ***the*** proposed development or improvement as attested to by Town Assessor?

Assessor's Signature _____

\$

- d. What are the estimated costs associated with the proposed development or improvements as provided in narrative form by the applicant?

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- ☐ Check to indicate that a narrative outlining the need for assistance has been attached.
- ☐ Check to indicate that a project cost estimate has been attached.
- ☐ Check to indicate that personal property itemization spreadsheet has been attached.
- ☐ Check to indicate that a conceptual site plan and architectural drawings have been attached.

Please Note It is hereby represented and certified by the undersigned that to the best of our knowledge and belief, the information contained herein and attached hereto is accurate and correct and truly descriptive of the proposal and property. We further acknowledge that failure to report accurate information, or to perform to the standards established as a result of the reported information may result in the nullification of any Tax Agreement arrived at between the Town of Rocky Hill and the Applicant.

Applicant Signature: _____ **Date:** _____

Owner Signature: _____ **Date:** _____